patent as a prior art reference is greatly appreciated. Applicant respectfully requests that the present application, which has been pending for more than four years, be allowed at this time.

REMARKS

This application is pending with claims 1-87 under consideration. The Office Action rejects claims 1-87 under 35 U.S.C. § 103(a) as being unpatentable over United States patent number 5,945,653 to Walker *et al.* (hereinafter the "Walker patent") in view of United States patent number 6,397,198 to Hoffman *et al.* (hereinafter the "Hoffman patent").

Applicant respectfully overcomes and traverses the rejections based on the Walker and Hoffman patents (collectively the "cited patents"). Specifically, the Office Action fails to set forth a *prima facie* case of obviousness. The combination of the cited patents do not teach or suggest all of the claim limitations as is required to establish *prima facie* obviousness. *In re* Vaeck, 947 F.2d 488 (Fed. Cir. 1991). Further, any modification to the Walker or Hoffman patents to establish *prima facie* obviousness impermissibly changes the principles of operation of the cited patents. *In re* Ratti, 270 F.2d 810 (CCPA 1959).

The Walker patent discloses a system and method for providing discounts, rebates, and special purchase options ("purchasing incentives") for credit card users in an effort to incent the users to increase their use of the credit card. Specifically, the Walker patent describes a merchant/financial institution driven system which incents a card holder to make a purchase in order to obtain a discount. That is, the merchant/financial institution makes an offer to a customer and the card holder's purchase is acceptance of that offer. The present invention is patentably distinguishable because, among other reasons, a card holder earns rewards by using a debit card for general use (*i.e.*, it is driven by the card holder's desire to earn rewards). A

primary goal of the invention is to promote loyalty to merchant and brand. This is accomplished through these goal-based card holder rewards. To facilitate the goal of promoting loyalty, the invention claimed in the present application provides rewards based on the card holder's purchasing history as opposed to single event discounts.

The Hoffman patent discloses a tokenless biometric identification system and method. The system and method use a stored audio signature to secure a "card" free electronic transaction. Essentially, the user substitutes a biometric signature (*e.g.*, a retinal scan or fingerprint) for the data contained on the magnetic strip of a debit or credit card. The biometric signature is verified by a transaction processor and the electronic transaction is carried out. The Hoffman patent works independent of the type of user account and there is only a fleeting reference to a debit card account or a rewards account in the Hoffman specification. The Hoffman patent does not teach or suggest a single step of the claimed method and is simply inapposite.

As a consequence of having different goals, the present invention includes limitations, which are not present in the Walker or Hoffman patents, individually or in combination. Neither of the cited patents teach or suggest using rewards to increase card holder loyalty at all.

Further, there is no motivation to combine Walker's discount system with Hoffman's biometric secure transaction system. The Hoffman patent is a nonanalogous reference and should not be offered in combination with the Walker patent. Further, even if the Hoffman patent is considered analogous art, the Office Action is impermissibly using hindsight to uncover the fleeting remarks in Hoffman concerning a rewards account.

Claim 1 of the application requires the steps of: (1) *calculating a reward* amount for the

user *based*, at least in part, *on purchases made* using the debit card *during a current period*; and (2) *activating the user reward* amount *at the end of the current period.* Neither the Walker patent nor Hoffman patent (hereinafter "the cited patents") teach or suggest these steps. The modification of the cited patents, which would be necessary to establish *prima facie* obviousness, impermissibly changes the principles of operation of the Walker and Hoffman patents. *In re* Ratti, 270 F.2d 810 (CCPA 1959). **The cited patents cannot be modified to include calculating a reward based on purchasing history or activating the user reward amount at the end of the current period in which the reward was earned. In fact, the Walker patent itself teaches the "use and execution of functions independently of credit card history data and the like" (col. 8, lines 66-67).** Further, to establish *prima facie* obviousness, all claim limitations must be taught or suggested by the prior art. *In re* Royka, 490 F.2d 981 (CCPA 1974). In this case, however, the cited patents fail to teach or suggest the above-listed limitations. Accordingly, the Office Action fails to establish *prima facie* obviousness and claim 1 is nonobvious in light of the cited patents. The claims dependent upon independent claim 1 are nonobvious for the same reasons. *In re* Fine, 837 F.2d 1071 (Fed. Cir. 1988).

Claim 23 of the application requires the following elements: (1) means for *storing a reward* earned by the user in the prior period; (2) means for *activating the reward* earned during the current period at the end of the current period; and (3) means for *crediting* the financial account an amount corresponding to a purchase made during the current period at a preferred retailer, *up to an amount equal to the reward earned* by the user prior to the current period. Neither the Walker patent nor Hoffman patents teach or suggest these steps. The modification of the cited patents, which would be necessary to establish *prima facie* obviousness, impermissibly changes the principles of operation of the Walker and Hoffman patents. *In re* Ratti, 270 F.2d

810 (CCPA 1959). **The cited patents cannot be modified to calculate or store a reward based on the purchasing history of a card holder or activate a reward at the end of the period in which it was earned. In fact, the Walker patent itself teaches the "use and execution of functions independently of credit card history data and the like" (col. 8, lines 66-67).** Further, to establish *prima facie* obviousness, all claim limitations must be taught or suggested by the prior art. *In re* Royka, 490 F.2d 981 (CCPA 1974). In this case, however, the cited patents fail to teach or suggest the above-listed limitations. Accordingly, the Office Action fails to establish *prima facie* obviousness and claim 23 is nonobvious in light of the cited patents. The claims dependent upon independent claim 23 are nonobvious for the same reasons. *In re* Fine, 837 F.2d 1071 (Fed. Cir. 1988).

Claim 40 of the application requires the steps of: (1) *calculating a reward* amount for the user based, at least in part, on *purchases made* using the debit card during a period; (2) *activating the user reward* amount at the end of the period; (3) and *debiting* the amount of the cost of a purchase in a subsequent period from the financial account. Neither the Walker patent nor Hoffman patent teach or suggest these steps. The modification of the cited patents, which would be necessary to establish *prima facie* obviousness, impermissibly changes the principles of operation of the Walker and Hoffman patents. *In re* Ratti, 270 F.2d 810 (CCPA 1959). **The cited patents cannot be modified to calculate a reward based on the purchasing history of a card holder, activate a reward at the end of a period in which it was earned, or debit a rewards account in a period subsequent to when the reward was earned. In fact, the Walker patent itself teaches the "use and execution of functions independently of credit card history data and the like" (col. 8, lines 66-67).** Further, to establish *prima facie* obviousness, all claim limitations must be taught or suggested by the prior art. *In re* Royka, 490

F.2d 981 (CCPA 1974). In this case, however, the cited patents fail to teach or suggest the above-listed limitations. Accordingly, the Office Action fails to establish *prima facie* obviousness and claim 40 is nonobvious in light of the cited patents. The claims dependent upon independent claim 40 are nonobvious for the same reasons. *In re* Fine, 837 F.2d 1071 (Fed. Cir. 1988).

Claim 63 of the application requires the step of *calculating a reward* based, at least in part, on the comparison of the captured information to the predetermined levels. Neither the Walker patent nor Hoffman patent teach or suggest this step. The modification of the cited patents, which would be necessary to establish *prima facie* obviousness, impermissibly changes the principles of operation of the Walker and Hoffman patents. *In re* Ratti, 270 F.2d 810 (CCPA 1959). **The cited patents cannot be modified to include calculating a reward based on purchasing history (*i.e.*, the claim calls for capturing information regarding each purchase, comparing the captured information to predetermined levels, and then calculating a reward based on the comparison). In fact, the Walker patent itself teaches the "use and execution of functions independently of credit card history data and the like" (col. 8, lines 66-67).** Further, to establish *prima facie* obviousness, all the claim limitations must be taught or suggested by the prior art. *In re* Royka, 490 F.2d 981 (CCPA 1974). In this case, however, the cited patents fail to teach or suggest the above-listed limitations. Accordingly, the Office Action fails to establish *prima facie* obviousness and claim 63 is nonobvious in light of the cited patents. The claims dependent upon independent claim 63 are nonobvious for the same reasons. *In re* Fine, 837 F.2d 1071 (Fed. Cir. 1988).

Claim 86 of the application requires the step of *calculating a reward* based, at least in part, on the comparison. Neither the Walker patent nor Hoffman patent teach or suggest this

step. The modification of the cited patents, which would be necessary to establish *prima facie* obviousness, impermissibly changes the principles of operation of the Walker and Hoffman patents. *In re* Ratti, 270 F.2d 810 (CCPA 1959). **The cited patents cannot be modified to include calculating a reward based on purchasing history (*i.e.*, the claim calls for capturing information regarding each purchase, comparing the captured information to other information, and then calculating a reward based on the comparison). In fact, the Walker patent itself teaches the "use and execution of functions independently of credit card history data and the like" (col. 8, lines 66-67).** Further, to establish *prima facie* obviousness, all the claim limitations must be taught or suggested by the prior art. *In re* Royka, 490 F.2d 981 (CCPA 1974). In this case, however, the cited patents fail to teach or suggest the above-listed limitations with respect to a reward. Accordingly, the Office Action fails to establish *prima facie* obviousness and claim 86 is nonobvious in light of the cited patents. The claims dependent upon independent claim 86 are nonobvious for the same reasons. *In re* Fine, 837 F.2d 1071 (Fed. Cir. 1988).

Claim 87 of the application requires the steps of: (1) *calculating a reward* amount for the user based, at least in part, on purchases made using the debit card during a current period; and (2) *activating the user reward* amount at the end of the current period. Neither the Walker patent nor Hoffman patent teach or suggest these steps. The modification of the cited patents, which would be necessary to establish *prima facie* obviousness, impermissibly changes the principles of operation of the Walker and Hoffman patents. *In re* Ratti, 270 F.2d 810 (CCPA 1959). **The cited patents cannot be modified to calculate a reward based on purchasing history or to activate a reward at the end of the period in which it was earned. In fact, the Walker patent itself teaches the "use and execution of functions independently of credit card**

history data and the like" (col. 8, lines 66-67). Further, to establish *prima facie* obviousness, all the claim limitations must be taught or suggested by the prior art. *In re* Royka, 490 F.2d 981 (CCPA 1974). In this case, however, the cited patents fail to teach or suggest the above-listed limitations with respect to a reward. Accordingly, the Office Action fails to establish *prima facie* obviousness and claim 87 is nonobvious in light of the cited patents. The claims dependent upon independent claim 87 are nonobvious for the same reasons. *In re* Fine, 837 F.2d 1071 (Fed. Cir. 1988).

Accordingly, claims 1-87 are nonobvious in light of the Walker and Hoffman patents, individually or in combination.

CONCLUSION

For the reasons stated above, the applicants respectfully submit that they have made a patentable contribution to the art. Reconsideration and allowance of this application are respectfully requested.

PETITION

An extension of time is being filed together with this paper.

Respectfully submitted,

Patrick J. Hoeffner
Reg. No. 44,768
Attorney for Applicants
Orrick, Herrington & Sutcliffe LLP
666 Fifth Avenue
New York, New York 10103
Tel: 212-506-5379